

Instructions for Form FTB 3539

Automatic Extension for Corporations and Exempt Organizations

General Information

Use form FTB 3539 only if:

- You cannot file your 1999 return by the original due date; and
- You owe tax for 1999.

Use the worksheet on the following page to determine if you owe tax.

- If you do not owe tax, there is nothing to file at this time and no need to complete or mail this voucher.
- If you owe tax, complete the voucher and mail it along with your check or money order to the Franchise Tax Board by the original due date of the return.

If a corporation, including real estate investment trusts (REITs), real estate mortgage investment conduits (REMICs), regulated investment companies (RICs), limited liability companies (LLCs) classified as corporations, or an exempt organization in good standing, cannot file its California tax return by the original due date, a seven month extension to file will be allowed automatically without filing a written request. To qualify for the automatic extension, the corporation's or exempt organization's tax return must be filed by the extended due date. The corporation's powers, rights, and privileges must not be suspended or forfeited by the Franchise Tax Board (FTB) or the California Secretary of State (SOS) as of the original due date. The extended due date for corporations is the 15th day of the 10th month following the close of the income year or October 16, 2000 (calendar year filers). The extended due date for exempt organizations filing Form 199 or Form 109 is the 15th day of the 12th month following the close of the taxable year (fiscal year filers) or December 15, 2000 (calendar year filers).

The extended due date for an employees' trust defined in IRC Section 401(a) and an IRA filing Form 109 is the 15th day of the 11th month after the end of the income year (fiscal year filers) or November 15, 2000 (calendar year filers).

An extension of time to file the tax return is not an extension of time to pay the tax. To avoid late payment penalties and interest, 100% of the tax liability must be paid by the 15th day of the 3rd month (fiscal year corporations), or the 15th day of the 5th month (fiscal year exempt organizations)

following the close of the income year or March 15, 2000 (calendar year corporations), or May 15, 2000 (calendar year exempt organizations). Employees' trusts and IRAs must pay 100% of the tax liability by the 15th day of the 4th month after the end of the income year.

Save the completed worksheet as a permanent part of the corporation's or exempt organization's tax records along with a copy of the return.

Electronic Funds Transfer (EFT)

Corporations or exempt organizations that meet certain requirements must remit all of their payments through EFT rather than by paper checks. Corporations or exempt organizations that remit an estimated tax payment or extension payment in excess of \$20,000 or that have a total tax liability in excess of \$80,000 must pay through EFT. The FTB will notify corporations or exempt organizations that are subject to this requirement. If you are an EFT taxpayer, DO NOT USE THIS FORM. Those that wish to participate on a voluntary basis may do so. For more information, call 1-800-852-2753 or get FTB Pub. 3817, Electronic Funds Transfer Program Information Guide.

Where to File

If tax is due and the corporation or exempt organization is not required to use EFT, attach a check or money order for the tax due to form FTB 3539. Write the California corporation number or FEIN and 1999 FTB 3539 on the check or money order. Mail only the voucher portion with the payment to:

FRANCHISE TAX BOARD
PO BOX 942857
SACRAMENTO CA 94257-0551

Private Mail Box (PMB) Number

If you lease a mail box from a private business rather than from the United States Postal Service, enter the box number in the special field on the voucher labeled "PMB no."

----- DETACH HERE -----

(Calendar year corporations — Due March 15, 2000)
(Employees' trust and IRA — Due April 17, 2000)
(Calendar year exempt organizations — Due May 15, 2000)

YEAR		CALIFORNIA FORM	
1999		3539 (CORP)	
For calendar year 1999 or fiscal year beginning month _____ day _____ year 1999, and ending month _____ day _____ year _____.			
California corporation number	Federal employer identification number	Tax Due	
Corporation/exempt organization name			
Address		PMB no.	Type of form filed.
City		State	ZIP Code
			<input type="checkbox"/> Form 100 <input type="checkbox"/> Form 100S <input type="checkbox"/> Form 109 <input type="checkbox"/> Form 199

IF NO PAYMENT IS DUE, DO NOT FILE THIS FORM

EFT TAXPAYERS, DO NOT USE THIS FORM

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FTB 3539 1999

TAX PAYMENT WORKSHEET FOR YOUR RECORDS

1	Total tentative tax. Include alternative minimum tax if applicable. See instructions	1		
2	Estimated tax payments including prior year overpayment applied as a credit	2		
3	Tax Due. If line 2 is more than line 1, see instructions. If line 1 is more than line 2, subtract line 2 from line 1. Enter the result here and on form FTB 3539	3		

Penalties and Interest

If the corporation or exempt organization fails to pay its total tax by the original due date, a late payment penalty plus interest will be added to the tax due. If the corporation or exempt organization does not file its return by the extended due date, or the corporation's powers, rights, and privileges have been suspended or forfeited by the FTB or the California SOS, as of the original due date, the automatic extension will not apply and a delinquency penalty plus interest will be assessed from the original due date of the return.

Combined Reports

If members of a combined unitary group have made or intend to make an election to file a Combined Unitary Group Single Return, only the key corporation designated to file the return should submit form FTB 3539. The key corporation must include payment of at least the minimum franchise tax for each corporation of the combined unitary group that is subject to the franchise tax in California.

If members of a combined unitary group intend to file separate returns with the FTB, each member must submit its own form FTB 3539 if there is an amount entered on line 3 of the worksheet.

Exempt Organizations

- **Form 100 filers:**
The due dates for corporations also apply to the filing of Form 100, California Corporation Franchise or Income Tax Return, by political action committees and exempt homeowners' associations.
Political action committees and exempt homeowners' associations that file Form 100 should not enter the minimum franchise tax on line 1 of the Tax Payment Worksheet.
- **Form 199 Filers:**
Generally, Form 199, California Exempt Organization Annual Information Return, requires a \$10 filing fee to be paid with the return on the original or extended due date.
Use form FTB 3539 only if paying the fee early. Enter the amount of the fee on line 3 of the Tax Payment Worksheet.
- **Form 109 Filers:**
The due dates for filing Form 109, California Exempt Organization Business Income Tax Return, depend on the type of organization filing the return. Employees' pension trusts and IRAs (including education IRAs) must file on or before the 15th day of the 4th month after the close of their income year. All other exempt organizations (except homeowners' associations and political organizations) must file on or before the 15th day of the 5th month after the close of their income year.

How to Complete the Tax Payment Worksheet

Line 1 – Enter the total tentative tax, including the alternative minimum tax for the income year.

- If filing Form 100 or Form 100S and subject to franchise tax, the tentative tax may not be less than the minimum

franchise tax (for income years beginning January 1, 1999 but before January 1, 2000) and Qualified Subchapter S Subsidiary (QSub) annual tax (S corporations only).

- If filing Form 100 or Form 100S, and subject to income tax, enter the amount of tax. Corporations subject to the income tax do not pay the minimum franchise tax.
- If a corporation incorporates or qualifies to do business in California on or after January 1, 2000, the prepayment of the minimum franchise tax to the Secretary of State (SOS) is no longer required. For the first income year (second taxable year) the corporation will compute its tax liability by multiplying its state net income by the appropriate tax rate and will not be subject to the minimum franchise tax. The corporation will become subject to minimum franchise tax beginning in its second income year (third taxable year).
- If filing Form 109, enter the amount of tax. Form 109 filers are not subject to the minimum franchise tax.
- **Qualified New Corporation (QNC):**

A qualified new corporation is a corporation that:

- Reasonably estimates it will have gross receipts, less returns and allowances, reportable to California of \$1 million or less during the income year; and
- Reasonably estimates it will have tax liability that does not exceed \$800; and
- Did not begin business operations as a sole proprietorship, a partnership, or any other form of business entity; and
- Began business operations at or after the time of its incorporation.

If the corporation believed it was a QNC, paid less than an \$800 prepayment to the SOS, and during the income year the corporation did not meet the QNC criteria (see above), then include the appropriate amount(s) on line 1:

- **\$500**, if the amount prepaid to the SOS was \$300 for income years commencing on or after January 1, 1999 and before January 1, 2000, and/or
- **\$300**, if the minimum franchise tax paid for the second taxable year was \$500 for corporations that incorporated or qualified to do business on or after January 1, 1999 and before January 1, 2000.

Line 2 – Enter the estimated tax payments, including prior year overpayment applied as a credit. Also include any QSub annual tax payments (S corporations only).

Line 3

Tax due. If the amount on line 2 is more than the amount on line 1, the payments and credits are more than the tax. The corporation or exempt organization has no tax due. **DO NOT SEND THE PAYMENT VOUCHER.** The corporation or exempt organization will automatically qualify for an extension if the tax return is filed by the extended due date.

If the amount on line 1 is more than the amount on line 2, then the corporation's or exempt organization's tax is more than its payments and credits. The corporation or exempt organization has tax due.

Subtract line 2 from line 1. Enter this amount on line 3 and on form FTB 3539.